

JC-2013-002**16 January 2013**

2013 Work Programme of the Joint Committee

In 2013, the Joint Committee will give high priority to the areas of consumer protection and risk analysis. The Joint Committee will also pursue the regulatory work initiated in 2012 in key areas such as Financial Conglomerates, Anti-Money Laundering and Credit Ratings, and will give more visibility to its work to external stakeholders.

I. Consumer Protection

The ESAs will ensure that Consumer Protection is given high priority in 2013 and will organise for the first time a joint Consumer Strategy Day. The work on Consumer Protection will focus on 3 work streams:

- **Consumer protection sub-group:** Cross-selling and complaints handling are a first priority. The sub-group is in particular assessing whether principles developed for complaints handling in the insurance sector can be adapted to the securities and banking sectors. In addition, the Joint Committee will consider the improvement of, and consistency between, the ESA templates for collecting, analysing and reporting on consumer trends based on lessons learned from the first data collection rounds from national competent authorities.
- **Product oversight and governance sub-group:** This sub-group will consider the development of a set of high-level principles for the product approval process based on the results of its September 2012 mapping exercise. The intention is for the sub-group to consider the strengthening of controls before product launch (i.e. focussing on the product development process).
- **Retail products sub-group (PRIPs):** This sub-group will contribute to the development of proposals for the European Commission concerning delegated acts and to the development of draft Regulatory Technical Standards (RTS) in the area of disclosures for packaged retail investor products outlined in the legislative proposal.

In order to ensure appropriate convergence and consistency regarding selling practices/conduct of business applying to PRIPs, the Sub-Committee on Consumer Protection and Financial Innovation will consider how best to facilitate the work on selling practices.

II. Risk Assessment

In 2013, the ESAs are scheduled to submit two Reports on Risks and Vulnerabilities to the Council's Economic and Financial Committee's Financial Stability Table as part of their joint bi-annual reporting on micro-prudential analysis of cross-sectoral developments and research into key trends and threats to financial stability. The Risk Sub-Committee will continue to develop suitable indicators for cross-sectoral financial risks, and to enhance its analytical approach. In particular, the ESAs are working towards closer cooperation on evaluating financial market developments of mutual concern, such as shadow banking, bank funding, credit derivatives, asset encumbrance, financial innovation, and financial market integration. The ESAs will consider enhancing the Report's visibility through a wider distribution among interested parties in the EU.

In addition, the Risk Sub-Committee remains committed to enhance its risk reporting through the ESAs' Risk Dashboards, whose consistency, scope, and analytical granularity will be further developed. The Risk Sub-Committee will explore options of closer coordination on risk and market intelligence, and ways of improving the presentation.

To promote a more coordinated approach, the Risk Sub-Committee shall explore developing a pilot cross-sectoral risk database, which may focus on a core group of individual entities and key interdependencies within the financial system.

III. Regulatory work

Financial Conglomerates: the ESAs stand ready to further contribute to the EC's fundamental review of the Financial Conglomerates Directive. The ESAs may start working on developing joint draft Technical Standards on risk concentrations, and intra group transactions and on the criteria for the determination of 'relevant competent authorities'. Further, the ESAs may start work on developing Guidelines on coordination arrangements and risk based assessments of Financial Conglomerates, and also supervisory practices for supervising Mixed Financial holding companies. Further, the ESAs will continue to update the list of identified Financial Conglomerates and publish it on their websites.

European Market Infrastructures Regulation: One of the key Joint Committee tasks in 2012 was the work on EMIR, where the regulation requires that RTS are developed jointly by the three ESAs. As the different work-streams on OTC derivatives regulation have progressed, both in Europe and globally, the JC recognised that the final version of the RTS could benefit from global initiatives currently being undertaken by global standard-setting bodies. However, these global standards are not due to be finalised until after the deadline for the ESAs to submit their RTS. Accordingly the Joint Committee suggested the postponement of the deadline for the submission of these particular RTS, in order to take account of these international initiatives when finalised. It is expected to be an important work-stream of 2013.

Anti-Money Laundering (AML): the ESAs will continue their work in respect to equivalent/non-equivalent countries; they will also continue their work in relation to the 2nd E-Money Working Group with a view to adapt the AML/Payment Services Directive (PSD, 2007/64/EC) Cooperation Protocol on Payment Institutions to E-Money issuers. They will follow developments in respect to the review of the PSD, develop other tasks regarding Member States' AML practices and experience both in the registration and AML supervision of payment institutions and their agents, including home-host cooperation and will create a new work-stream on Risk-based approach to AML supervision.

Credit ratings and External Credit Assessment Institutions (ECAI): the ESAs will jointly work on the development of the Implementing Technical Standards (ITS) as per the provisions under the Capital Requirements Regulation. Furthermore, the ESAs will work together on the alignment of the ECAI recognition of rating methodology work under Capital Requirements Directive IV and Solvency II, in particular under EBA's ECAI Network.

The ESAs shall also cooperate for the publication of a biannual report from 2014 about the extent to which legislation of Member States refers to external ratings and about steps taken by Member States to reduce such references. In that respect, synergies and consistency with the latest provisions under Regulation on Credit Rating Agencies (CRA III (Art. 5b)) shall be monitored.

Subject to legislative developments, the ESAs will jointly develop Guidelines/Technical Standards in relation to Audit.

Finally, **the Impact Assessment Network** will amongst others continue assisting the ESAs' staff with respect to the impact assessment consideration and production of Technical Standards, Guidelines, and their respective consultations, and contribute to the general quality of the Impact Assessment process.

IV. Supervisory Practice

The ESAs will work together on the joint ESAs' cross-sectoral Training Programme. The Joint Committee's Sub-Committee on AML will also pursue the assessment of AML supervisory practices and risk based approaches, with a view to promote common supervisory approaches and practice. The Joint Committee's Sub-Committee on Financial Conglomerates will continue to monitor college discussions in relation to the Financial Conglomerates requirements.

V. Common Processes and Procedures

The ESAs will pursue their contribution to the European System of Financial Supervision's assessment by the Commission, delivering further information on the ESAs' achievements and key-indicators in 2013. In addition, views will be exchanged on possible improvements of the ESA's framework.

Where applicable, the Joint Committee will contribute to any further development by the joint EBA-ESMA working group on principles and guidelines on benchmarks and market indices initiated in 2012 Q3 in the context of EURIBOR.

In the long term, the ESAs can, in line with their institutional role, provide technical advice to the Commission and where requested develop draft Technical Standards. Further, the ESAs will continue to monitor legislative developments and proposals in 2013.

The Joint Committee shall assess the possible impacts of the Banking Union proposal on the joint work of the ESAs, in particular in the domain of risk assessment and supervision of financial conglomerates.